

Message Text

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 /031 W
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TO SECSTATE WASHDC IMMEDIATE 2236

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY BONN

C O N F I D E N T I A L SECTION 01 OF 03 OECD PARIS 07742

EXDIS

FOR UNDER SECRETARY DONALDSON AND JULES KATZ FROM
A. KATZ; NSC FOR COOPER, TREASURY FOR BENNETT

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: ENERGY MEETING WITH OCKRENT, BRITISH, GERMAN
AND BELGIAN REPS ON ECG AGENDA MEETING APRIL 3-4

1. IN SEPARATE LOU CABLE I AM TRANSMITTING OCKRENT'S
ANNOTATED AGENDA AS IT EMERGED THIS AFTERNOON FROM
MEETING WITH BRITISH, GERMAN, AND BELGIAN REPS. YOU
WILL NOTE THAT ALL THE AGENDA POINTS ARE THRE PRETTY
MUCH AS THEY EMERGED FROM OUR FRIDAY EVENING MEETING
BUT THE ORDER IS DIFFERENT. THE REASON FOR THIS IS
THAT THE BRITS, AND BELGIANS (UNDER SPECIFIC IHSTRUC-
TIONS FROM DAVIGNON) WANT TO HIGHLIGHT PRODUCER RE-
TIONS AS THE MAIN ITEM OH THE AGENDA, AND BY THIS, OF
COURSE, THEY MEAN ESSENTIALLY AN EARLY ORGANIZED
CONTACT WITH PRODUCERS ON THE OCCASION OF UNGA SS. I
ARGUED AS I DID IN LONDON THAT IN LOGIC WE SHOULD FIRST
HAVE AN UNDERSTANDING OF THE ELEMENTS OF CONSUMER
COOPERATION AND THE GENERAL APPROACH TO EVENTUAL
MEETING WITH PRODUCERS BEFORE WE CAN DISCUSS INTELLI-
GENTLY ANY ORGANIZED ECG CONTACT WITH PRODUCE. THE
GERMANS, WHO APPARENTLY AGREE WITH US THAT ANY
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CONTACTS WITH PRODUCERS AT UNGA SS SHOULD BE KEPT IN

BILATERAL CHANNELS, HAD NO OBJECTION TO OCKREHT'S PROPOSED ORDERING OF THE AGENDA ITS AND, SINCE IT WAS CLEAR OCKRENT WAS UNDER RIGID INSTRUCTIONS FROM DAVIGNON, I DID NOT INSIST ON OUR ORDER. I DID INSIST HOWEVER THAT WE SHOULD HAVE AN OPPORTUHITY EARLY IN THE MEETING TO PRESENT OUR VIEWS ONN INTEGRATED APPROACH TO CERTAIN ELEMENTS OF CONSUMER COMPETION AND THAT THIS WOULD COME MOST LOGICALLY AFTER THE SHARING ITEM SINCE OUR IDEAS RELATED MAINLY TO HOW TD DEAL WITH EMERGENCY SITUATIONS. ILSD INSISTED THAT THE QUESTION OF PRODUCER RELATIONS WAS MUCH BROADER THAN THE QUESTION OF MODALITIES OF EARLY PRODUCER CONTACTS. I MADE THE POINT THAT WE SHOULD IN LOGIC HAVE A SUBSTANTIVE DISCUSSION OF THE CONTENT OF AND GENERAL APPROACH TO AN EVENTUAL MEETING WITH PRODUCERS BEFORE WE SETTLE ON THE QUESTION OF EARLY CONTACTS. I AM SURE THESE ARGUMENTS WERE NO MORE PERSUASIVE TO THE BRITISH AND BELGIAN DELEGATIONS THAN THEY EVER WERE, BUT AT LEAST ACCORDING TO THE ANNOTATED AGENDA WE SHOULD BE ABLE TO CANTER THROUGH THE ENTIRE COURSE ON THE FIRST DAY; I.E., GO THROUGH THE REPORTS OF THE LEAD COUNTRIES AND THE TIMETABLE, LAY OUT OUR VIEWS ON AN INTEGRATED APPROACH TO CONSUMER COOPERATION, HEAR THE BRITISH PRESENTATION ON THE CONSUMER/PRODUCER ITEM, PRESENT OUR OWN VIEWS ON THE INTERNATIONAL OIL OUTLOOK AND INVESTMENT ISSUE, HEAR THE GERMANS ON THE INDUSTRIALIZATION AND DEVELOPMENT ASPECT, HAVE A FIRST DISCUSSION ON THE KEY ISSUES (AS STATED IN OCKRENT'S COMMENT) OF THE KIND OF PRODUCERS MEETING WE ARE AIMING FOR AND THE QUESTION OF EARLY PRODUCER CONTACTS, BEFORE RETURNING TO JOIN THESE ISSUES THE NEXT DAY.

IN RESPONSE TO MY SUGGESTION ABOUT A WORKING DINNER IN BRUSSELS ON TUESDAY EVENING, OCKRENT SUGGESTS ONE ON WEDNESDAY EVENING WHICH THE U.S. MIGHT HOST AND TO WHICH WE WOULD INVITE THE BRITISH, JAPANESE, GERMANS AND BELGIANS (DAVIGNON AND OCKRENT). HE BELIEVES SUCH A

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DINNER MIGHT BE MORE TIMELY TO DEAL WITH THE IMPASSE THAT IS FORESEEN OVER THE NATURE OF AN EARLY CONSUMER CONTACT.

AS FOR THE ITEM ON UNGA SPECIAL SESSION, IT IS QUITE CLEAR THAT THE BRITISH AND BELGIANS CONTINUE TO FOCUS ON THE OPPORTUNITY FOR AN EARLY PRODUCER CONTACT. I STRESSED THAT THE ISSUES WE WILL FACE IN NEW YORK ARE QUITE SEPARATE FROM (ALTHOUGH RELATED TO) THE POINT WITH REGARD TO PRODUCER CONTACT, AND THAT THEY HAVE BOTH SUBSTANTIVE AND PROCEDURAL ASPECTS. OTHER COUNTRIES ARE BEGINNING TO WORRY THAT THE ECG INTEREST OR VIEWPOINT MAY NOT BE SUFFICIENTLY WELL REPRESENTED IN MEMBER COUNTRY DELEGATIONS TO THE UN SPECIAL SESSION, AND BELGIAN AMBASSADOR DENIS SAID HE WAS PREPARED TO GO TO NEW YORK (THE IMPLICATION BEING TO REPRESENT THE INTERESTS OF THE ECG AS A WHOLE). I ALSO GATHER THAT THE BRITISH THINK THE WESTERN CAUCUS IN NEW YORK IS NOT VERY EFFECTIVE AND SOME SORT OF QUIET ECG CAUCUS MAY HAVE TO BE SET UP.

THE CONSUMER COOPERATION ITEM AS SET UP WILL ENABLE OTHERS TO COME BACK TO A DISCUSSION OF OUR VIEWS ON AN INTEGRATED APPROACH AFTER THEY HAVE HAD TIME TO REFLECT AND HAVE SOME CORRIDOR CONVERSATION. OF COURSE, I MADE CLEAR WE MAINTAIN THE OPTION TO MAKE OUR PRESENTATION CONFIDENTIAL

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UNDER AGENDA ITEM 4 RATHER THAN UNDER ITEM L; INDEED I MADE CLEAR YOU MIGHT INSIST ON REOPENING THE ISSUE OF PLACING ITEM 4 BEFORE ITEM 2, WHICH IS WHERE IT BELONGS. I DO NOT THINK, HOWEVER, THAT YOU SHOULD WASTE ANY CAPITAL DOING SO, SINCE THE SCENARIO AS PRESENTLY ENVISIONED ESSENTIALLY MEETS OUR SUBSTANTIVE AS WELL AS PRESENTATIONAL PREOCCUPATIONS. IT SHOULD BE POINTED OUT, HOWEVER, THAT ITEM 4 AS PRESENTLY WORDED IS BROADER THAN THE ISSUE OF HOW TO DEAL WITH ANOTHER POSSIBLE OIL EMERGENCY, AND WE SHOULD BE PREPARED TO MAKE SOME GENERAL

REMARKS AS TO HOW ALL THE ELEMENTS OF CONSUMER COOPERATION INTERRELATE AND IN TURN CAN AFFECT THE RELATIONSHIP WITH PRODUCERS.

TWO DETAILED POINTS ON AGENDA ITEM L: (A) THE BELGIANS HOPE TO BE ABLE TO LIFT THEIR RESERVE ON URANIUM ENRICHMENT ON APRIL 3, IN WHICH CASE WE SHOULD BE PREPARED TO SAY SOMETHING ON HOW DR. RAY ENVISIONS THE ORGANIZATION OF THE WORK OF HER GROUP; (B) THE GERMANS MADE CLEAR THAT THEY DID NOT REGARD EITHER THE ITALIAN OR GERMAN PAPERS ON THE ROLE OF THE OIL COMPANIES AS BEING READY FOR DISSEMINATION TO THE GROUP. THEY HOPE AN AMERICAN CONTRIBUTION CAN BE AVAILABLE IN TIME FOR A RISTAGNO GROUP MEETING IN BRUSSELS ON TUESDAY AFTERNOON, AT WHICH TIME THE GROUP ON THE OIL COMPANIES WILL DECIDE WHAT IF ANYTHING IT SHOULD SUBMIT TO ECG THE FOLLOWING DAY.

TO SUM UP, IN TERMS OF PREPARATION OF BRIEFING MATERIALS FOR APRIL 3/4 MEETING: UNDER AGENDA ITEM 1, YOUR BRIEFING BOOK SHOULD CONTAIN BESIDES THE FINAL VERSION OF THE TERMS OF REFERENCES FOR EACH ACTIVITY, (BEING HAND CARRIED BY BENNSKY) OUR OWN REPORTS ON THE PROGRESS TO DATE IN EACH GROUP AND POSSIBLE TALKING POINTS IF WE WANT THE ECG TO GIVE GUIDANCE TO ANY GROUP. WE WILL NEED A CONTINGENCY STATEMENT BY DR. RAY ON URANIUM ENRICHMENT.

THE MAIN PAPER IN YOUR BOOK UNDER THIS ITEM WILL BE THE US PRESENTATION ON THE INTEGRATED APPROACH TO THE FIRST THREE ELEMENTS OF CONSUMER COOPERATION ESPECIALLY AS THEY PERTAIN TO EMERGENCY SITUATIONS. AS
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PAPERS ARE SUBMITTED BY LEAD COUNTRIES IN RESPONSE TO OCKRENT'S CABLE OF LAST WEEK I WILL CABLE THEM IN, BUT THIS SHOULD NOT HOLD UP PREPARATION OF THIS PART OF THE BOOK. I HAVE JUST SEEN A JAPANESE PAPER ON CONSERVATION HANDED TO OCKRENT WHICH APPEARS TO BE EXCEEDINGLY THIN. (A FINAL VERSION OF THIS PAPER WILL BE IN SEPTEL ON TODAY CONSERVATION GROUP MEETING.)

UNDER AGENDA ITEM 2 - THE MAIN ITEM WILL BE THE BRITISH OPTIO PAPER WHICH WE AND/OR EMBASSY LONDON WILL GET TO YOU ASAP. YOU WILL NEED TALKING POINTS ON ALL THE OPTIONS WHICH CAN ONLY BE PREPARED WHEN THE OPTIONS ARE AVAILABLE BUT THE MAIN ISSUES ARE THOSE SET OUT IN OCKRENTS COMMENTS VIZ., FIRST, THE CONTENT AND GENERAL APPROACH TO AN EVENTUAL COUMERS/

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C O N F I D E N T I A L SECTION 03 OF 03 OECD PARIS 07742

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PRODUCER MEETING ALONG THE LINES DISCUSSED IN WASH-
INGTON; SECOND, A PAPER IN REBUTTAL OF THE ANTICIPATED
BRITISH/BELGIAN ARGUMENT FOR AN ORGANIZED ECG CONTACT
WITH PRODUCERS NOW. IF WE ARGUE THAT THESE CONTACTS
SHOULD BE KEPT IN BILATERAL CHANNELS WE SHOULD BE
PREPARED TO TABLE A SUGGESTED BODY OF TALKING POINTS
ECG MEMBERS SHOULD USE IN THEIR BILATERAL CONTACTS. WE
WILL, OF COURSE, NEED TO MAKE A PRESENTATION ON DUR#
TWO PORTIONS (4 AND 5) OF THIS ACTIVITY,HD# WHILE I
ID#OUR PRESENTATION WOULD PROBABLY BE ORAL I
BELIEVE THE OTHERS WOULD APPRECIATE VING#SOMETHING
IN WRITING.

UNDER AGENDA ITEM 3 - YOUR BOOK SHOULD HAVE A
PAPER WE MIGHT WISH TO TABLE ON THE WHOLE ISSUE DF
UNGA SS WITH STATISTICAL MATERIAL BACKING UP THE SUB-
STANTIVE ARGUMENTS ON THE TWO MAIN POINTS AT ISSUE
HIGHLIGHTED BY OCKRENT, THE RELATIONSHIP OF OIL TO
COMMODITY PRICES, AND OF OIL TO PRICE LEVELS IH INDUS-
TRIAL COUNTRIES. YOUR BOOK SHOULD ALSO HAVE POINTS ON
ANY PROCEDURAL OR TACTICAL ISSUES WHICH WE WILL NEED
TO DEAL WITH AT UNGA AND SOME VIEWS TO PUT FORWARD ON
HOW ECG INTERESTS CAN BEST BE COORDINATED AND REPRESEN-
TED IN NEW YORK.

UNDER AGENDA ITEM 4 - YOU WOULD NEED SOME MORE
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GENERAL TALKING POINTS ON THE INTERRELATIONSHIPS OFLL
THE ELEMENTS OF CONSUMER COOPERATIONS WELL AS THE
AFFECT WE CAN HAVE ON THE RELATIONSHIP WITH PRODUCERS.

RE DATES FOR NEXT MEETING, THERE IS NOTHING NEW
AND I WILL CONTINUE TO SUPPORT OCKRENT ON HOLDING THE
NEXT MEETING ON APRIL 25-26 FOLLOWING THE XCSS.
BROWN

NOTE BY OC/T: # AS RECEIVED, CORRECTION TO FOLLOW.

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